

GOVERNMENT OF ANDHRA PRADESH
ABSRTACT

M/s. A.P.Mineral Development Corporation Limited – Release of Mobilisation Advance to M/s. VLC-SCKC JV, Hyderabad to a tune of Rs.6.00 Crores for additional excavation and removal of Ore & OB at Mangampet Barytes Project – Permission – Accorded.

INDUSTRIES & COMMERCE (M.II) DEPARTMENT

G.O.Ms.No. 183

Dated:29-7-2009
Read the following:

1. From the VC & MD., A.P.M.D.C.Ltd., File No.APMDC/
Dy.GM(Mining)/ F118/2008.
2. G.O.Ms.No.241, Ind. & Com.(M.II) Dept., dated:29-8-2008.
3. From the VC & MD., A.P.M.D.C.Ltd., File No.APMDC/
Dy.GM(Mining)/ F118/2008, dated:04-5-2009.

ORDER:-

In the reference first read above, the Vice Chairman & Managing Director, M/s. A.P.Mineral Development Corporation Limited has furnished proposals for permission to release an amount of Rs.19.75 crores as mobilization advance to M/s. VLC-SCKC JV, Hyderabad, Excavation Contractor at Mangampeta Barytes Project for removal of Ore & OB at Mangampeta Barytes Project.

2. In the reference second read above, the Government have permitted the VC & MD., M/s. A.P.Mineral Development Corporation Limited to release an amount of Rs.19.75 crores as advance to M/s. VLC -SCKC JV, Hyderabad Excavation Contractor at Mangampeta Barytes Project for removal of Ore & OB at Mangampeta Barytes Project, subject to certain conditions mentioned therein.

3. In the reference third read above, the VC & MD., M/s. A.P.Mineral Development Corporation Limited has stated that based on the open public tenders and as approved by the Board, the Corporation entered into an agreement on 04-7-2008 with M/s. VLC – SCKC JV for excavation and removal of 45 lakh CBM of overburden and 15 lakh Mts of Barytes ore per annum for a period of 5 years with a provision for extension by 2 more years at the discretion of the Corporation under Tender No.MBP/EXC/2/2008. The mining contractor submitted security deposit – cum – performance bank guarantee for Rs.389.87 lakhs under the agreement.

4. The VC & MD., M/s. A.P.Mineral Development Corporation Limited has also stated that the rates agreed to in the agreement are Rs.151.61 per CBM for excavation and removal of OB and Rs.65/- per MT for excavation and removal of Barytes ROM without adjustment of the rates on account of fluctuations in the diesel price. The value of the work at these basic rates for a quantity of 45 lakh CBM OB and 15 lakh Mts ROM works out to about Rs.77.97 Crores. Subsequently, as approved by the Board and Government Lr.No.17307/M.II(2)/2008-1, dated:29-12-2008, the corporation increased the targets by 50%. As per the agreement, the minimum performance for the purpose of penalty stipulated is 80% in first year, 90% in second year and 100% from third year onwards. Assuming performance at 80% the value of the work at the basic rates works out to approximately Rs.93.57 Crores per annum i.e., about Rs.7.79 crores per month. Out of this approximately 50% of the bill amount will have to be deducted towards recovery of the consumables like diesel and explosives that will be supplied by the Corporation.

5. M/s. VLC-SCKC JV, excavation contractor vide their letter dated:26-3-2009 requested the VC & MD., M/s. A.P.Mineral Development Corporation Limited to sanction an amount of Rs.6.00 crores towards mobilization advance for additional production. They have also stated that it requires an amount of Rs.10.00 crores for purchase of equipment, achieving additional target towards working capital required for start up of the operations. They further informed that the mobilization advance can be recovered from their regular bills over a period of 2 years 24 installments of the work. They have also further stated that they would arrange required bank guarantees and requested to charge interest @ 8% per annum.

(P.T.O.)

6. The VC & MD., has further stated that the matter has been placed before the Board in its 347th meeting held on 04-5-2009 and the Board on its detailed deliberations accorded its approval, subject to the approval of the Government, to sanction an amount of Rs.6.00 crores as advance to M/s. VLC – SCKC JV Excavation Contractor at Mangampeta Barytes Projects on submission of Bank Guarantees to cover the principal amount of Rs.6.00 crores and the interest at such rate on fixed deposits parked with Nationalized Bank basing on prevailing highest rate of interest +2%. The amount so advanced plus interest will be recovered from the running bills of the excavation contractor over a period of 12 equal monthly installments. Further the Board desired that the interest lost on account of premature withdrawal of fixed deposits for payment of the above loan may also be recovered from the Excavation Contractor. The Board authorized the Vice – Chairman & Managing Director to seek approval of the Government before releasing the above loan amount of Rs.6.00 crores.

7. The VC & MD., M/s. A.P.Mineral Development Corporation Limited has requested the Government to consider the request of M/s. VLC–SCKC JV, Hyderabad for sanction of Rs.6.00 crores as mobilization advance against the agreement dated:04-7-2008 for additional excavation and removal of Ore & OB at Mangampet Barytes Project.

8. The Government after careful examination of the matter hereby permit the VC & MD., A.P.Mineral Development Corporation Limited to sanction an amount of Rs.6.00 crores as mobilization advance to M/s. VLC - SCKC JV against the agreement dated: 04-7-2008 for additional excavation and removal of Ore & OB at Mangampet Barytes Project on furnishing of Bank guarantee to cover the principal amount of Rs.6.00 crores and the interest at such rate on fixed deposits parked with nationalized bank basing on prevailing highest rate of interest + 2%. The amount so advanced plus interest will be recovered from the running bills of the excavation contractor over a period of 12 equal monthly installments. The interest lost on account of premature withdrawal of fixed deposits for payment of the above advance shall also be recovered from the excavation contractor as per the decision of the Board of Directors of M/s.A.P.Mineral Development Corporation Limited and also subject to the following conditions:

- (i) The advance so sanctioned shall be recoverable @ 20% of the value of the work done together with interest. The recovery commences when the value of work reaches 10% of the agreement value.
- (ii) The agency has to produce an unconditional and irrevocable BG for the Loan sanctioned amount + 2% extra BG towards the interest component.
- (iii) While sanctioning the advance for procurement of machinery, invoices are to be obtained and it should be in the name of agreement holder and M/s. A.P.M.D.C.Ltd., The Corporation should inspect the new machinery on site and certify the availability of machinery.
- (iv) The agency shall buy new machinery. The agency shall produce invoices and the machinery is also to be inspected to ensure that agencies do not to procure substandard/second hand equipment. Further, a close watch is to be maintained for renewal of the bank guarantees submitted by M/s. VLC-SCKC JV contractor from time to time.

9. This order issues with the concurrence of Finance Department vide their U.O.No.14699/283/Exp.I&C/2009, dated:22-7-2009.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRAPRADESH)

Y. SRILAKSHMI
SECRETARY TO GOVERNMENT

To

The V.C., & M.D., M/s.A.P.Mineral Development Corporation Ltd., Ameerpet, Hyderabad
Copy to:The Public Enterprises Department.

The Finance (Expr. I & C) Department.

P.S.to Secretary to Government (I&C) Department.

Sf/Sc.

"A copy of this order is available on the Internet and can be accessed at the address
<http://www.ap.gov.in/goir>.

// Forwarded :: By Order //

SECTION OFFICER